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State Department review completed

INTELLIGENCE MEMORANDUM

JCS review(s) completed.

Situation in Kashmir
(Report #7 - As of 6:00 am EDT)

- 1. The pace of fighting in Kashmir has slackened somewhat, but neither side seems interested in a compromise settlement. In the Chhamb sector of Indian Kashmir the Pakistani offensive toward Akhnur still appears to be stalled some 5 to 10 miles inside Indian territory. Sporadic clashes continue elsewhere along the ceasefire line, but no major military moves are under way.
- 2. The US Embassy in Karachi, commenting on the tough tone of Foreign Minister Bhutto's 3 September speech, finds it "difficult to believe" Pakistan is prepared to back down and withdraw behind the ceasefire line in response to bilateral or UN appeals at this time. In line with this view, a Pakistani Foreign Ministry official yesterday warned a US Embassy officer that a return to the status quo ante would not solve the Kashmir problem, and that the present UN policy permits Indians to keep Muslims in bondage. He left the impression that Pakistan was prepared to face war with India rather than allow the Kashmir problem to remain unsolved.
- 3. An Indian official, meanwhile, has indicated that New Delhi will condition its acceptance of any cease fire on inclusion of provisions for withdrawal of Pakistani infiltrators along with, or even preceding, the withdrawal of regular Pakistani and Indian troops across the ceasefire line.

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If and when the UN Security Council meets today, Malaysia is prepared to submit a resolution calling on India and Pakistan to "take all steps necessary" for the strictest observance of a cease fire and to withdraw their forces behind the ceasefire line. tary General U Thant intends to relase to the public this morning a report from the chief of the UN observer group in Kashmir, a move which India has been demanding but which Pakistan strongly opposes.

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- Indian troops are being redeployed closer to West Pakistan. Indian Army Chief of Staff Chaudhuri has officially informed US representatives that two US MAPsupported infantry divisions -- the Fourth and Sixth -are being moved toward the border and will be employed "in an emergency." Both divisions were similarly deployed during the Rann of Kutch crisis.
- 6. US observers sent to Jammu on 2 September have not yet been able to confirm Indian allegations that MAP supplied tanks were used by Pakistan in its thrust into the Chhamb area. Battlefield conditions have prevented the hoped for reconnaissance mission.
- Chinese Communist Vice-Premier Chen Yi arrived in Karachi this morning in a stopover on his way to Mali. Two rounds of talks with Foreign Minister Bhutto are scheduled for later in the day. The Indians can be expected to point to the visit as an indication of Chinese involvement in Pakistan's Kashmir plans.

Peiping press and radio are giving priminent play to Pakistani statements on Kashmir, and to a New China News Agency report condemning India's "suppression of the uprising of the people in Kashmir."

US officials in Calcutta report a perceptible change in public attitude toward the fighting in Kashmir following reports of reverses suffered by the Indian Army in the Chhamb area. The new attitudes are described as watchful, expectant, more concerned, and "a bit more belligerent." Troop movements and civil defense exercises are being downplayed in the news media in an apparent attempt by Indian officials to moderate popular reactions and prevent communal outbreaks.

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